

INVESTMENT POLICY STATEMENT 2024-2025

1. INTRODUCTION

1.1 This Investment Policy Statement is to be considered in conjunction with the information contained in the Application Form which forms part of the Investment Management Agreement between the British Thoracic Society ("the Society"; "BTS") and Evelyn Partners (formerly Tilney Investment Management).

1.2 How the Society is governed.

- The Society was formed in 1982 by the amalgamation of the Thoracic Association and the British Tuberculosis Society.
- The British Thoracic Society is a Company Limited by Guarantee. Registered Office: 17 Doughty Street, London, WC1N 2PL
- It is registered as a Charity in England and Wales with number 1645201, and registered in Scotland with number SC041209.
- Trustees reviewed the governance structure and Memorandum & Articles of Association during 2016 and a new constitution was adopted at the AGM on 7th December 2016, It can be viewed here- <http://www.brit-thoracic.org.uk/about-bts/governance.aspx>

1.3 The current **Trustees** who have agreed to delegate to Evelyn Partners ("the Manager") the investment of funds on a discretionary basis are:-

Dr P Walker, Chair of the Board of Trustees
Dr M B Allen
Mrs A Armstrong
Professor J Bennett, President
Professor J Chalmers
Professor A Floto, Honorary Secretary
Dr A Hare, Honorary Treasurer
Professor A Hill
Dr M Juniper
Professor N Maskell, President-Elect
Dr D Smith
Dr L-J Smith

2. OBJECTIVES OF THE SOCIETY

2.1 The charitable objects of the Society ("the Objects") are the relief of sickness and the preservation and protection of public health by promoting the best standards of care for patients with respiratory and associated disorders, advancing

knowledge about their causes, prevention and treatment and promoting the prevention of respiratory disorders”.

2.2 The Society’s current strategic review summarises its aims and objectives as follows:-

Our Vision

Better lung health for all

Our Mission

- To influence the provision of the optimum respiratory workforce and the development of services that promote sustainable solutions and reduce health inequalities
- To educate professionals to advance knowledge and share learning in the prevention, diagnosis and treatment of lung disease
- To support all members of the respiratory team to improve standards of care

3 OBJECTIVES OF THE INVESTMENT POLICY

3.1 The 2011 revision of CC14 (The Charity Commission guidance on charities and investment matters) states that Trustees are free to adopt any ethical investment policy which they reasonably believe will provide the best balance of risk and reward for their charity. These broad principles underpin the BTS Investment Policy, and are informed by:-

- explicit instructions not to invest in tobacco or tobacco-related products
- explicit instructions not to invest in companies whose principal business is the extraction of fossil fuels, following from the publication in December 2016 of the Society’s first Position Statement on the Environment and Lung Health
- explicit instructions not to invest in companies whose principal business involves the arms trade
- explicit instructions not to invest in companies whose principal business is the manufacture/sale of alcoholic beverages
- explicit instructions to consider the ethical practices of the companies in which they invest and if continuing to invest would put member subscriptions at risk

3.2 General principles

To provide an annual return over the longer term (five years and beyond) that will be significantly better than the rates of return available from cash.

3.3 Investment Powers

The Trustees have delegated the day-to-day management of the investment portfolio to Evelyn Partners.

3.4 Aims and Objectives of the Investment Portfolio

In recent years the Trustees have instructed Evelyn Partners to follow a “Growth Strategy”, which is defined as follows:-

“....appropriate for an investor with a five year time horizon, who is comfortable with significant volatility of returns and having up to 80% of their portfolio in equities, and who is able to tolerate a loss of up to 20% of the value of the portfolio in any one year”.
(from Ingenious/Tilney Investor Risk Profiles publication, 2015)

Trustees confirmed this approach at the meeting of the Board on 2nd December 2020.

3.5 This is in the context of the overall strategy

- Trustees wish to maintain the capital value of the investment fund at least in line with inflation, whilst it is recognised that this cannot be guaranteed.
- A balanced approach between income and capital should be adopted.
- An annual income (income actually received) of £120,000 is to be targeted.

3.6 Investment Considerations

In managing and making or varying the investments, the Manager must have regard to the following:

- Investment in tobacco companies and their products is expressly forbidden- to do so would be to breach the Society’s charitable objectives. Prior to buying any collective, Evelyn Partners will ensure that the collective does not have any investment in tobacco companies and if that changes, as soon as Evelyn Partners is aware of the change, the collective will be sold and switched into another investment.
- Trustees are able to exclude specific companies, if their corporate governance and marketing practices are not of a high enough standard and if these companies have failed to respond to shareholder concerns over a period of two years and/or provided adequate explanations and if this may put member subscriptions at risk.
- New requirements in relation to fossil fuels and the arms trade outlined in para 3.1, above.
- Investment in companies whose principal business is the manufacture and/or sale of alcoholic beverages. Principal business is defined as those companies where the manufacture and/or sale of alcoholic beverages exceeds 10%.
- To ensure compatibility with the Society’s Policy on Relationships with the Biomedical industry, the Trustees would prefer that if the Investment portfolio is to contain biomedical company exposure that it contains more than one biomedical company.

- The Society will always endeavour to give at least 6 months' notice to the Investment Manager of intention to withdraw capital, and any intended withdrawals of capital will be discussed at the regular meetings which take place between the Society's representatives and the designated Investment Manager.
- The Manager is not to commit the Trustees to any underwriting short positions or similar obligations.

4. TAX SITUATION

4.1 The Society is a UK registered charity and there are no tax or other legal constraints which affect the countries or jurisdictions in which it may hold investments.

5. TIME HORIZON & PERFORMANCE

5.1 The lifespan of the Society is very long term and therefore a medium to long-term strategy is appropriate.

5.2 The performance of the portfolio will be looked at on a medium to long-term basis. However, regard will also be given to the performance year by year.

6. GEOGRAPHICAL & SECTOR ALLOCATION & ETHICAL CONSIDERATIONS

6.1 The Trustees have no preferred geographical or sector allocation and are content for the Manager therefore to decide asset allocation in line with the objectives of the Trust, subject to six-monthly reporting.

6.2 There are no ethical investment constraints to be borne in mind in relation to the investments, except for the embargo on investments in the tobacco industry and others mentioned in 3.1, above.

7. PERFORMANCE REPORTING

7.1 The performance of the portfolio will be compared to four indices:- the MSCI UK All Cap Index; the Markit iBoxx GBP Gilts Index; Cash; and the Retail Price Index.

8. REVIEW OF THE POLICY STATEMENT

8.1 The Honorary Treasurer and Chief Executive will review the Investment Policy Statement on a regular basis at intervals of not less than 1 year (and will usually confirm at the November meeting of the Board of Trustees). Any proposed amendments will be discussed and agreed with the Investment Manager.

9. OTHER RELEVANT INFORMATION

9.1 The Society's financial year end is 30 June.

9.2 Its accounting policy may be found within the Trustees Annual Report and Accounts.

9.3 **Charges** are as follows:-

Flat fee of 0.75% on all assets per annum; and a transaction fee of £25 levied on each transaction (sales, purchase or switch) of a security held within the portfolio.

Signed by the Trustees who are signatories to the original Investment Management Agreement or signatories subsequently authorised.

Dr Paul Walker
Chair, BTS Board of Trustees

Dr Alanna Hare
Honorary Treasurer

Dated 26 November 2024

This Policy Statement and the instructions given in it are hereby accepted by us. We confirm we will secure compliance with the above and any revised or replacement Policy Statement.

Signed on behalf of Evelyn Partners.

Dated

Date of production November 2024

Next review: November 2025